

BUCKEYE WATER DISTRICT #50, INC.

DEVILLE, LOUISIANA

DECEMBER 31, 2009 AND 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/26/10

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Standard Report on Financial Statements and on the Supplementary Schedule of Expenditures of Federal Awards Issued in a Single Audit—Nonprofit Organization

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Buckeye Water District No. 50, Inc.

We have audited the accompanying statement of financial position of Buckeye Water District No. 50, Inc. (a nonprofit organization) as of December 31, 2009, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Buckeye Water District No. 50, Inc.'s 2008 financial statements and, in our report dated April 30, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Buckeye Water District No. 50, Inc. as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2010, on our consideration of Buckeye Water District No. 50, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Buckeye Water District No. 50, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our

opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Adler & Pias, LLC
Adler and Pias, LLC

April 30, 2010

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APPENDIX 11B-6

Government Auditing Standards Report on Internal Control over Financial Reporting and on Compliance and Other Matters—with No Material Weaknesses, Significant Deficiencies, or Reportable Instances of Noncompliance or Other Matters Identified—Nonprofit Organization
(used after the Implementation of SAS No. 115)

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Buckeye Water District No. 50, Inc.

We have audited the financial statements of Buckeye Water District No. 50, Inc. as of and for the year ended December 31, 2009, and have issued our report thereon dated April 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Buckeye Water District No. 50 Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Buckeye Water District No. 50, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buckeye Water District No. 50, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do

not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, USDA, Rural Utility Service, the Legislative Auditor of the state of Louisiana, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Adler & Pias, LLC
Adler and Pias, LLC

April 30, 2010

**BUCKEYE WATER DISTRICT # 50, INC.
DEVILLE, LOUISIANA
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31,**

ASSETS

<u>Current Assets</u>	2009	2008
Cash	1,295,352	1,036,264
Accounts Receivable	69,389	70,318
Total Current Assets	1,364,741	1,106,582
 <u>Noncurrent Assets</u>		
Checking Accounts	109,752	102,185
Certificates of Deposit	100,000	100,633
Total Noncurrent Assets	209,752	202,818
 <u>Property, Plant and Equipment</u>	4,423,586	4,015,498
TOTAL ASSETS	<u>5,998,079</u>	<u>5,324,898</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accrued Interest Payable	62,271	25,130
Accounts Payable	95,587	494,004
Accrued Payroll Taxes	1,576	3,086
Current Maturities of Notes Payable	52,737	1,079,320
Accrued Sales Tax Payable	-0-	96
Total Current Liabilities	212,171	1,601,636
 <u>Long Term Debt</u>	2,337,571	425,355
 <u>Deposits</u>	124,170	116,333
Total Liabilities	2,673,912	2,143,324
 <u>Net Assets</u>		
Unrestricted	2,448,137	3,068,574
Temporarily Restricted	876,029	113,000
Permanently Restricted	-0-	-0-
Total Net Assets	3,324,167	3,181,574
TOTAL LIABILITIES AND NET ASSETS	<u>5,998,079</u>	<u>5,324,898</u>

The accompanying notes are an integral part of these financial statements.

BUCKEYE WATER DISTRICT # 50, INC.
DEVILLE, LOUISIANA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	Unrestricted	Temporarily Restricted	2009	2008
<u>OPERATING INCOME</u>				
Water Sales	889,934	-0-	889,934	887,617
Tap and Connection Fees	27,280	-0-	27,280	43,560
Total Operating Income	917,214	-0-	917,214	931,177
<u>OPERATING EXPENSES</u>				
Accounting	7,050	-0-	7,050	6,250
Auto Expenses	21,201	-0-	21,201	26,706
Depreciation	273,338	-0-	273,338	203,235
Equipment Rental	2,696	-0-	2,696	7,919
Insurance	46,138	-0-	46,138	20,723
Interest	113,867	-0-	113,867	34,740
Lease Expense	2,701	-0-	2,701	668
Legal and Professional	2,871	-0-	2,871	11,528
Office Supplies	16,797	-0-	16,797	14,188
Shop Expense	4,307	-0-	4,307	4,542
Permits and Fees	11,030	-0-	11,030	10,952
Postage	17,242	-0-	17,242	16,969
Repairs and Maintenance	58,488	-0-	58,488	69,280
Chemicals	5,099	-0-	5,099	13,555
Payroll Taxes	26,652	-0-	26,652	23,517
Telephone	8,194	-0-	8,194	8,815
Utilities	82,702	-0-	82,702	80,920
Wages	246,549	-0-	246,549	235,722
General and Administrative	6,072	-0-	6,072	3,415
Total Operating Expenses	952,994	-0-	952,994	793,644
PROFIT FROM OPERATIONS	(35,780)	-0-	(35,780)	137,533
<u>NON OPERATING INCOME</u>				
Other Income	52,466	-0-	52,466	32,005
Grant Income	110,550	-0-	110,550	-0-
Interest Income	15,357	-0-	15,357	31,067
Loan Reserves	(763,029)	763,029	-0-	-0-
Total Non Operating Income	(584,656)	763,029	178,373	63,072
CHANGE IN NET ASSETS	(620,436)	763,029	142,593	200,605
NET ASSETS, BEGINNING OF YEAR	3,068,573	113,000	3,181,574	2,980,968
NET ASSETS, END OF YEAR	2,448,137	876,029	3,324,167	3,181,574

The accompanying notes are an integral part of these financial statements.

**BUCKEYE WATER DISTRICT # 50, INC.
DEVILLE, LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2009</u>	<u>2008</u>
Change in Net Assets	142,593	200,605
Adjustments to Reconcile Change in Net Assets to Net		
Cash provided by operating activities:		
Depreciation	273,338	203,235
Change in Assets and Liabilities:		
Accounts Receivable	929	1,654
Checking Accounts - Noncurrent	(7,568)	(9,190)
Accrued Interest Payable	37,141	25,032
Accounts Payable	(398,513)	494,005
Accrued Payroll Taxes	(1,509)	(2,701)
Deposits	7,837	5,982
Total Adjustments	<u>(88,345)</u>	<u>718,017</u>
Net Cash Provided by Operating Activities	54,248	918,622
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of Property, Plant and Equipment	(681,426)	(2,293,371)
Certificates of Deposit	633	210,692
Net Cash (Used) by Investing Activities	<u>(680,793)</u>	<u>(2,082,679)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Repayments of Notes Payable	(1,066,318)	(41,758)
Loan Proceeds	1,951,951	1,422,423
Net Cash Provided by Financing Activities	<u>885,633</u>	<u>1,380,665</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>259,088</u>	<u>216,608</u>
CASH - BEGINNING OF YEAR	1,036,264	819,656
CASH - END OF YEAR	<u><u>1,295,352</u></u>	<u><u>1,036,264</u></u>
Supplemental Disclosure:		
Interest Paid	76,726	9,708

The accompanying notes are an integral part of these financial statements.

BUCKEYE WATER DISTRICT #50, INC.
DEVILLE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

<u>Federal Grantor/ Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Year</u>
Environmental Protection Agency	66.468	988,697	2009
Environmental Protection Agency	66.468	2,293,371	2008

The accompanying schedule of expenditures of federal awards includes the federal loan activity of Buckeye Water District #50, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

**BUCKEYE WATER DISTRICT #50, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities:

Buckeye Water District #50, Inc. was incorporated on May 24, 1971. Construction of the water system was financed by loans from the Farmers Home Administration. The system now serves approximately 3,500 customers.

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation:

The water system is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash Equivalents:

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

Property, Plant and Equipment:

The cost of property, plant and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight line method for both financial statements and income tax reporting.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes:

The water system is exempt from federal income taxes under section 501(c)(12) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

Allowance for Doubtful Accounts:

Management has experienced extremely low bad debts over the past several years, for this reason an allowance for doubtful accounts has not been recorded, but bad debts are charged to operations as they occur.

Compensated Absences:

Because of the immateriality of estimating compensated absences, the water system has not attempted to accrue a liability for them. These amounts would be immaterial to the financial statements and would relate only to vacation pay.

BUCKEYE WATER DISTRICT #50, INC.
NOTES TO FINANCIAL STATEMENTS

Summarized Financial Information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

Note 2. SUMMARY OF CASH:

<u>Current</u>	<u>2009</u>	<u>2008</u>
Petty Cash	200	200
Money Market	841,847	833,139
Revenue Fund	350,497	200,998
Savings Accounts	102,808	758
Total	<u>1,295,352</u>	<u>1,035,095</u>
 <u>Noncurrent</u>		
Reserve Fund	541	541
Construction Accounts	342	1,169
Deposit Fund	108,869	101,644
Certificates of Deposit	100,000	100,633
Total	<u>209,752</u>	<u>203,987</u>

Note 3. SIGNIFICANT CONCENTRATIONS OF CREDIT RISK:

The water system maintains many accounts at several different banks and Wells Fargo Advisors. Accounts at banks are insured up to \$250,000 by the FDIC and accounts at Wells Fargo Advisors are insured up to \$500,000 per eligible account by the SPIC, subject to a maximum limit of \$100,000 on cash claims. Wells Fargo Advisors has purchased additional protection up to the full value through a commercial insurance company. At December 31, 2009 and 2008 cash exceeded FDIC limits by \$209,688 and \$256,673, respectively.

Note 4. RESERVE REQUIREMENTS:

	<u>2009</u>	<u>2008</u>
USDA Loan 9130-01	56,500	56,500
USDA Loan 9130-02	56,500	56,500
DHH Loan 1079004-1	75,000	-0-
USDA Loan 9120-04	610,029	-0-
DHH Loan 1079004-2	78,000	-0-
Total	<u>876,029</u>	<u>113,000</u>

Note 5. ACCOUNTS RECEIVABLE:

	<u>2009</u>	<u>2008</u>
Current	64,213	64,125
Over 30 Days	5,176	6,193
Total	<u>69,389</u>	<u>70,318</u>

Note 6. DEPOSITS:

A refundable deposit is collected from new customers to the system. At December 31, 2009 and 2008, respectively there were \$124,170 and \$116,333 held for that purpose.

BUCKEYE WATER DISTRICT #50, INC.
NOTES TO FINANCIAL STATEMENTS

Note 7. <u>PROPERTY, PLANT & EQUIPMENT:</u>	2009	2008
Land	46,300	46,300
Equipment	177,519	177,519
Vehicles	95,647	87,305
Building	198,123	198,123
Lines and Extensions	2,344,005	1,980,726
Wells and Pumps	1,293,416	919,023
Tanks	2,764,122	2,870,454
Furniture and Fixtures	54,031	54,031
	<u>6,973,163</u>	<u>6,333,481</u>
Less: Accumulated Depreciation	(2,549,577)	(2,317,983)
Book Value	<u>4,423,586</u>	<u>4,015,498</u>

Note 8. <u>NOTES PAYABLE:</u>	2009	2008
Loan 9130-01: 5% note payable to USDA in monthly installments of \$2,470 maturing in year 2011.	13,874	42,052
Loan 9130-02: 5% note payable to USDA in monthly installments of \$1,448 maturing in year 2011.	24,483	40,199
Loan 1079004-1: 3.45% note payable to DHH in annual of installments maturing in year 2029.	400,000	400,000
Loan 9120-04: 4.5% note payable to USDA in monthly installments of \$7,691 maturing in year 2050.	1,694,000	-0-
Loan 1079004-2: 2.95% note payable to DHH in annual of installments maturing in year 2031.	257,951	-0-
6.75 % note payable to First Federal Bank used for interim financing payable on demand in 2009.	-0-	1,022,423
	<u>2,390,308</u>	<u>1,504,674</u>
Less Current Maturities	(52,737)	(1,079,320)
	<u>2,337,571</u>	<u>425,355</u>

Maturities of long-term debt for each of the next five years are:

2010	52,737
2011	38,226
2012	31,614
2013	32,381
2014	34,179
Total	<u>189,136</u>

**BUCKEYE WATER DISTRICT #50, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 9. LEASES:

Minimum future lease payments under noncancelable operating leases having remaining terms in excess of one year as of December 31, 2008 for each of the next five years and in the aggregate are:

2010	600
2011	600
2012	600
2013	600
2014	600
	<u>3,000</u>

Note 10. WATER SALES:

The water district sold 273,902,000 and 274,627,000 gallons of water in 2009 and 2008, respectively. The water district serves 70 commercial users.

Note 11. BOARD OF DIRECTORS:

	<u>Term Expires</u>	<u>Office</u>
David Richey 690 Bethel Rd. Deville, LA 71328	March 2011	President
Eugene Thomisee 742 Philadelphia Rd. Deville, LA 71328	March 2012	Vice President
Lloyd Price 715 Hwy. 115 Deville, LA 71328	March 2010	Secretary/ Treasurer
Ray Rosier 242 Rosier Rd. Deville, LA 71328	March 2011	
Roy Mays 99 Nick Mays Rd. Pineville, LA 71360	March 2010	
Lemoyne Duff 75 Joe Rosier Rd. Deville, LA 71328	March 2012	
Gene Gunter 54 Day Road Deville, LA 71328	March 2012	
Dean Sikes 64 J.W. Ryder Road Deville, LA 71328	March 2010	

**BUCKEYE WATER DISTRICT #50, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 12. WATER RATE SCHEDULE:

Effective January 1, 2007:

<u>Residential</u>	\$8.50 up to 2,000 gallons 2.50 per 1,000 for next 2,000 gallons
<u>Commercial</u>	\$25.00 up to 12,000 gallons 2.50 per 1,000 for all over 12,000 gallons

Note 13. INSURANCE COVERAGE:

Insurance coverage is provided by State Farm Insurance Co., and Cima.

<u>Description</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration</u>
Property	Buildings & Equipment	\$2,562,200	01/29/11
	Contents	\$77,600	
Liability		\$1,000,000	
Auto	2008 GMC C3500	250/500/100 Liability	09/17/2010
Auto	2006 Dodge Ram 3500	250/500/100 Liability	05/12/2010
Auto	2006 Dodge Ram 1500	250/500/100 Liability	04/13/2010
Auto	2009 Ford F-150	250/500/100 Liability	06/17/2010
Fidelity Bond	Office Personnel Directors	\$500,000	07/08/2010
Officers and Directors		\$1,000,000	07/08/2010
Workman Compensation		Statutory	01/29/10

Note 14. EVALUATION OF SUBSEQUENT EVENTS:

The water system has evaluated subsequent events through May 7, 2010, the date which the financial statements were available to be issued. There was one deposit from DHH made on February 16, 2010 for \$95,586.51 for ongoing projects.

**BUCKEYE WATER DISTRICT #50, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 15. **SCHEDULE OF FINDINGS AND QUESTIONED COST:**

Summary of Auditor's Results

Financial Statements

Auditor's Report

An unqualified opinion has been issued on the basic financial statements as of and for the years ended December 31, 2009 and 2008..

Reportable Conditions

There were no significant deficiencies in internal control over financial reporting required to be disclosed during the audit of the financial statements.

Compliance

There were no significant deficiencies in compliance over financial reporting required to be disclosed during the audit of the financial statements.